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**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 587-4700 Fax: (808) 587-4703
www.spo.hawaii.gov

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PROCUREMENT CIRCULAR 2003-01, Amendment 2

TO: Executive Department Heads
(Except DOE, UH and OHA)

FROM: Aaron S. Fujioka
Administrator

SUBJECT: Guidelines for Small Purchase Procurements

Amendment 2 replaces Procurement Circular 2003-01, Amendment 1 dated October 1, 2003. **Procurement Directive No. 2002-04**, dated November 1, 2002, provides the small purchase requirements applicable to all jurisdictions of government, and **Procurement Circular No. 2003-01, Amendment 2**, provides the following additional Policies and Procedures for executive branch agencies.

This Amendment 2 raises the dollar threshold from \$1,000 to \$2,500 when seeking quotes, and contains other minor changes.

Departments may be more restrictive in its departmental small purchase procedures, e.g. to require written quotes at lower dollar limits. Additionally, departments may revise SPO FORM-10 and FORM-10A, provided the entries on the departmental form are similar to the SPO forms. Copies of the SPO forms are available from the State Procurement Office website at: www.spo.hawaii.gov, click on Forms. The SPO forms are updated periodically, therefore a form should not be saved to your hard drive. You should download the form from the SPO webpage when needed, to be assured of the most recent version.

Should you have any questions please call me at 587-4700, or your staff may contact:

Justin Fo
Colin Tanaka

ph. 586-0577
ph. 586-0558

justin.fo@hawaii.gov
colin.y.tanaka@hawaii.gov

Attach.

c: Chief Procurement Officers

POLICIES AND PROCEDURES FOR SMALL PURCHASE PROCUREMENTS

A small purchase is a procurement for goods, services, or construction, within the dollar limits of §103D-305, HRS, currently less than \$25,000, pursuant to the following:

- ❖ Procurement Directive No. 2002-04;
- ❖ §103D-305, HRS, Small Purchases;
- ❖ Subchapter 8, chapter 3-122, HAR, Small Purchases; and
- ❖ §3-131-2, HAR, Parceling.

A. GOODS AND SERVICES: UNDER \$2,500
CONSTRUCTION: UNDER \$5,000

1. SPO Form-10 and Form-10A are optional.
2. Competition is recommended.
3. Award may be made to the vendor offering the best value as defined in §3-122-1, HAR, considering factors, such as quality, warranty, and delivery, other than just price.

B. GOODS AND SERVICES: \$2,500 OR MORE BUT LESS THAN \$15,000
CONSTRUCTION: \$5,000 OR MORE BUT LESS THAN \$15,000

1. SPO Form 10 is mandatory EXCEPT for the following purchases. (When purchases are made from a, b, or c below, via a purchase order or pCard, the purchasing agency shall annotate the appropriate number on the purchase order or pCard receipt or statement for documentation purposes.)

a. Price / Vendor list items
 (cite the price/vendor list number)

b. Exempt purchases

Exempt from Chapter 103D, HRS, (cite the exemption number)
(§103D-102, HRS, contains a list of exemptions)

OR

Pursuant to section 3-120-4, HAR, (cite the exemption number)
(Chapter 3-120, HAR, "Exhibit A-Procurements Exempt From Chapter 103D, HRS" list)

c. Sole source purchases

Procurement Policy Board HAR Sole Source Number, (cite the number)
(Subchapter 9, Chapter 3-122, HAR, "Exhibit B-Procurements Approved For Sole Source")

2. Solicit a minimum of three (3) quotations (i.e. phone, fax, etc.).
 - a. Furnish the same description or specifications to each vendor.
 - b. Document the offers received on SPO Form-10, Part B.
 - c. If unable to obtain three (3) quotes (e.g. insufficient sources, sole source not listed in Exhibit B under item 1c above, or emergency) explain on SPO Form-10, Part C.
3. Award may be made to the vendor offering the best value as defined in §3-122-1, HAR, considering factors such as quality, warranty, and delivery, other than just price. If award is other than low quote, explain on SPO Form-10, Part D.

C. GOODS, SERVICES, AND CONSTRUCTION: \$15,000 OR MORE BUT LESS THAN \$25,000

1. SPO Form-10 is mandatory except for the types of purchases listed under B.1. above.
2. Solicit a minimum of three (3) written quotations using SPO Form-10A.
 - a. Furnish the same description or specifications to each vendor.
 - b. Document the quotations solicited on SPO Form-10, Part B.
If the solicitations are through the Hawaii Electronic Procurement Systems (HePS), agencies may attach the HePS "list of vendors solicited" in lieu of completing Part B. State in Part B "see attached list of vendors solicited."
 - c. If unable to obtain three (3) written quotes (e.g. insufficient sources, sole source not listed in Exhibit B under item 1.c. above, or emergency) explain on SPO Form-10, Part C.
 - d. If solicitations are through the Hawaii Electronic Procurement System (HePS), agencies may attached the HePS Abstract of offers received in lieu of SPO Form-10A.
3. Award may be made to the vendor offering the best value as defined in §3-122-1, HAR, considering factors, such as quality, warranty, and delivery, other than just price. If award is for other than the low quote, explain on SPO Form-10, Part D.

D. DISCLOSURE OF INFORMATION

Pursuant to §3-122-9.01, HAR, a purchasing agency is not required to disclose quotation information received from vendors until the purchase order is issued, or the pCard order is placed.